

FINANCIAL AND ADMINISTRATIVE SERVICES



Special Education Finance Update

April 26, 2012

Missouri Department of Elementary
and Secondary Education

Topics



- ❑ FY13 Due Dates
- ❑ FY13 Allocation
- ❑ Period of Availability
- ❑ ePeGs Changes
- ❑ Monitoring Plan
- ❑ Cash Management Plan



FY13 Due Dates

FY13 Due Dates

Title	Services Year	Due Date
FY13 Part B Budget Application	2012-13	July 1, 2012
FY12 ECSE Expenditure Report	2011-12	Sept. 17, 2012
FY12 Part B FER	2011-12	Sept. 30, 2012
Coordinated Early Intervening Services (CEIS) Report	2011-12	Sept. 30, 2012
Public Placement Fund Application	2011-12	Oct. 31, 2012
High Need Fund Application	2011-12	Nov. 30, 2012
Readers for the Blind Application	2012-13	Nov. 30, 2012
Request to Release Prop Share Carryover Funds	2012-13	March 1, 2013



FY13 Allocations

FY 13 Part B Allocations

Possible Impacts to FY13 Funding

- ❑ Continuing Appropriations Act 2012
 - ❑ Made across the board cuts of 0.189% to U.S. Dept. of Education advance-funded grants.
- ❑ The MO DESE was able to use old administrative funds to offset this reduction this year so LEAs did not have reductions to their allocations in FY12.
- ❑ This Act could be passed in 2013 as well, but the MO DESE will not have other funds to offset any reductions; therefore, LEAs may see a cut mid-year in FY13.

FY 13 Part B Allocations

Possible Impacts to FY13 Funding

- ❑ Sequestration Process under the Budget Control Act
 - ❑ Makes across the board cuts of up to 9% on all discretionary grants each year over the next 9 years.
 - ❑ Not much guidance/information available. This goes into effect January 2013, but unsure if impact will start on FY13 or FY14 funding.
 - ❑ May cause a reallocation of funding mid-stream of fiscal year, or an upfront withholding until reduction occurs.
 - ❑ Possible moratorium will be placed by Congress on this act to prevent reductions.

FY 13 Part B Allocations

- The MO DESE should receive our federal IDEA grant mid-May to beginning of June.
- LEA allocations should be available by mid-June. LEAs need to budget based on a 9% decrease in funding until notified otherwise.
- At this time, FY13 Part B Budget Applications are due July 1, 2012. We will notify LEAs via SELs if the due date changes.
- **Reminder: Adjustments to Enrollment, Home School or Federal Free and Reduced Lunch count data must be made by midnight May 31, 2012 (FAS-12-003).**



Period of Availability

Period of Availability of Funds

“Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.”

EDGAR §80.23

Grant Cycle vs. Obligation Period vs. FER Reporting Period

Grant Cycle	Obligation Period	FER Reporting Period
July 1 – June 30	Date of Substantially Approved Application – June 30	July 1 – September 30
Period during which funds may be obligated and expended.	Obligations occur during the grant cycle, but <u>only after a substantially approved budget application has been submitted</u> .	Expenditures for obligations made <u>during the obligation period</u> may be reported up until September 30.

What is an Obligation?

- Obligate means to reserve, commit, or set-aside funds for a specific activity or project.
- Obligations must occur during their applicable grant cycles.
A grant cycle runs with the fiscal year, July 1 – June 30.
- IDEA Part B funds shall not be obligated until the Part B budget application has been submitted (considered substantially approved).
- Obligations must be made prior to expenditures.

When is an Obligation Made?

IF THE OBLIGATION IS FOR--	THEN THE OBLIGATION IS MADE--
Acquisition of real or personal property	On the date the school district makes a binding written commitment to acquire the property
Rental of real or personal property	When the school district uses the property
Personal services by an employee of the school district	When the services are performed
Personal services by a contractor who is not an employee of the school district	On the date the school district makes a binding written commitment to obtain the services
Performance of work other than personal services	On the date the school district makes a binding written commitment to obtain the work
Public utility services	When the school district receives the services
Travel	When the travel is taken

EDGAR §76.707

When Can LEAs Expend Funds?

- For any obligations made from substantial approval date of the Part B budget application to June 30th of that fiscal year, LEAs can expend funds to September 30th.

- Example:

Purchased curriculum June 20, 2012, but curriculum and invoice did not arrive until July 16, 2012. LEA can expend the funds in July since the obligation was made during the obligation period of the grant cycle and the LEA can expend funds to September 30th (FY12 FER due date).

Where Are Expenditures Reported?

- Expenditures are reported on the FER in the grant cycle for which they were obligated.
- For obligations made from FY12 budget application substantial approval date to June 30, 2012, report expenditures on FY12 FER (due September 30, 2012).

Can Funds be Re-obligated?

- If an obligation occurs in one grant cycle (July 1 – June 30) but isn't invoiced during the FER reporting period (prior to September 30) of that grant cycle, the LEA can only re-obligate the expenditure if they have that amount in carryover funds. The expenditure must be re-obligated in the new grant cycle budget application.

Carryover Period

- If an LEA does not obligate all of its grant funds by the end of the fiscal year, it may obligate the remaining funds during a carryover period of one additional fiscal year.
- Carryover funds cannot be obligated until the LEA has a prior year FER approved and amends the current year budget application to obligate the carryover funds.
- Carryover funds that have not been obligated by June 30 of the following year will be forfeited by the LEA.

Period of Availability - Example

FY12 Grant

FY12 Allocation	FY12 Budget Application Submit Date	Amount Obligated between 7/17/11 and 6/30/12	Amount Expended from 7/17/11 to 9/30/12	Amount Reported on FY12 FER (due 9/30/12)	FY12 Carry- Over Amount
\$150,000	7/17/11	\$140,000	\$130,000	\$130,000	\$20,000

Period of Availability–Example

FY12 Grant – Carryover Period

FY13 Allocation	FY13 Budget App Submit Date	Amount Available to Obligate between 7/5/12 and 6/30/13	FY12 FER Approved	FY12 Carryover Amount	FY13 Budget App Amended	Amount Available to Obligate between 10/8/12 and 6/30/13
\$140,000	7/5/12	\$140,000	10/3/12	\$20,000	10/8/12	\$160,000

Example 1 – FY12 Grant

LEA signed a contract on May 15, 2012 for renovation work to the Special Education classroom, but the work on the classroom didn't begin until July 15, 2012. Because the obligation is made on the date the LEA made a binding written commitment to obtain the work (May 15, 2012), the LEA can report any invoices paid for the work done from July 15 to Sept. 30, 2012 on the FY12 FER.

Example 2 – FY12 Grant

Special Education teacher paid with federal funds taught classes in June and July, 2012. The work performed in June would be paid with FY12 grant funds and the expenditure reported on the FY12 FER. The work performed in July would be paid with either FY12 carryover funds (if sufficient) or FY13 grant funds and the expenditure reported on the FY13 FER.

- Remember – for personal services by an employee of the LEA, the obligation begins when the work is performed.



Requesting Funds

Part B Payment Requests

SCHOOL PAYMENT MONTH	EXPENDITURE PERIOD END DATE*	MAXIMUM PERCENTAGE OF APPROVED BUDGET	PAYMENT REQUEST DUE DATE
July	July 25, 2011	50%	July 1, 2011
August	August 25, 2011	50%	August 1, 2011
September	September 26, 2011	50%	September 1, 2011
October	October 26, 2011	75%	October 1, 2011
November	November 24, 2011	75%	November 1, 2011
December	December 26, 2011	75%	December 1, 2011
January	January 25, 2012	75%	January 1, 2012
February	February 24, 2012	90%	February 1, 2012
March	March 26, 2012	90%	March 1, 2012
April	April 25, 2012	90%	April 1, 2012
May	May 24, 2012	90%	May 1, 2012
June	June 26, 2012	90%	June 1, 2012
July	July 25, 2012	90%	July 1, 2012
August	August 24, 2012	90%	August 1, 2012
September	September 26, 2012	90%	September 1, 2012
FER Approval		Remaining Amount Due	

Part B Payment Request Deadlines can be found at:

<http://dese.mo.gov/divspeced/Finance/documents/sef-paymentschedule.pdf>

Payment Requests

Payment Request Due Date

- Payment requests must be submitted by **11:59 P.M. on the first day of the month** or there is no guarantee the payment will be processed that month.
- If the first day of the month falls on a weekend or a holiday, payment requests must still be submitted by the first of the month.
- LEAs should plan accordingly to submit payment requests early if necessary.

Part B Payment Requests

Maximum Percentage of Approved Budget

- Part B funds may be requested each month up to the maximum percentage of your approved budget.
- Maximum percentage of approved budget that can be requested is based on grant award funds availability and our state budget allotments.

Part B Payment Requests

Expenditure Period End Date

- Expenditure Period End Date represents the date that is three (3) business days after the date funds are received. **By this date, all funds requested must be spent.**
- This is a Federal Expenditure Requirement under Cash Management Improvement Act (CMIA).

Cash Management Improvement Act

- ❑ Cash Management Improvement Act (CMIA) requires that funds be spent within three business days of receipt of funds.
- ❑ Payment requests may only include amounts **already expended** and/or amounts that **will be expended within three business days of receipt of funds**.
- ❑ Violating CMIA requires interest to be calculated and funds returned.

Re-coding Expenditures

- LEAs that receive federal funds through the Early Childhood Special Education (ECSE) or High Need Fund (HNF) payments must ensure they are completing journal vouchers/entries for those funds within three (3) days of receipt of the funds, or that they will expend within three (3) days, to be in compliance with CMIA.



ePeGs Changes



Budget Application

FY13 Part B Budget Application

- Budget Grid

- Adding Function Code 1931

- Title: Tuition, Severely Disabled Program Within State

- Description: Tuition paid to state institutions approved by the Department's Office of Special Education

FY13 Part B Budget Application

□ Supporting Data Page

- Coordinated Early Intervening Services (CEIS) carryover
- CEIS calculation (611 & 619)

CEIS are services provided to students in grades K-12 who are not currently identified as needing special education or related services, but who need additional academic and behavioral supports to succeed in a general education environment.

■ New Edits (Proportionate Share and CEIS)

Proportionate share is the district's obligation to provide special education services to parentally-placed private/parochial school students and home-schooled students.

FY13 Part B Budget Application

□ Equipment Tracking

- **Equipment** is tangible, non expendable personal property having a useful life of more than one year and an acquisition cost of \$1,000 or more per unit.
- **Unit Acquisition Cost** is the net invoice price of the equipment, including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the equipment usable for the purpose for which it was acquired. Other charges such as the costs of installation, transportation or taxes should be included in the unit acquisition cost.

FY13 Part B Budget Application

□ Equipment Tracking

- Any equipment budgeted under 1221-6500 , 1223-6500, and 1224-6500 will need to be entered in the Comments box on the budget grid page
- Will not allow amounts to be budgeted under 1931-6500 & 2200-6500
- Must continue to get prior approval for items under 2500-6500 & 4000-6500

See IDEA Part B Capital Outlay Purchase Approval Form on <http://dese.mo.gov/divspeced/Finance/partbentitlement.html>

FY13 Part B Budget Application

□ Equipment Tracking

- LEAs must ensure federal requirements for equipment records and physical inventory of equipment are followed.
- For information regarding the requirements for equipment records and the physical inventory of equipment, please review the *Equipment and Real Property Management* section of the **Fiscal Guidance for Federal Grant Programs** at: <http://www.dese.mo.gov/fas/documents/fas-GeneralFederalGuidance.pdf>

FY13 Part B Budget Application

- Schoolwide Election Page (NEW)
 - LEAs may use Part B IDEA (611) funds for any activities under its schoolwide program plan but must comply with all other requirements of Part B of the Individuals with Disabilities Education Act (IDEA) to the same extent as it would if it did NOT consolidate funds under Part B of the IDEA in the schoolwide program. This is for both fiscal and compliance related requirements.

Maintenance of Effort (MOE)

- LEAs must still meet MOE requirements for Part B IDEA, meaning they must spend the same amount of state/local funds on special education as they did the prior year.

We anticipate:

- If the LEA pools special education state/local funds, MOE will be calculated using the amounts entered on both the Schoolwide pool FER and the Part B IDEA FER.

Excess Cost

- LEAs must continue to meet Excess Cost requirements. This is a calculation run at the Department. If the LEA does not meet Excess Cost, they will not be eligible for the Part B funds; thus they won't be able to put any funds into the schoolwide pool.
- To meet excess cost, the LEA must spend the same amount of state/local funds on special education students as it does on regular education students before accessing federal funds.

Part B IDEA Pooling Options

- LEAs may pool a portion or the maximum allowable amount of their Part B IDEA allocation.
- LEAs may pool a portion of their state/local funds for special education, or all of their state/local funds for special education.
- LEAs may pool both Part B IDEA and state/local funds for special education.
- LEAs may not consolidate their ECSE (619) funds into the schoolwide pool.

FY13 Part B Budget Application

□ Maximum Allowable Amount

According to 34 CFR §300.206:

Amount of Part B funds received by the LEA for the fiscal year

Divided by

Number of children with IEPs in the LEA

Multiplied by

**Number of children with IEPs participating in the
schoolwide program**

FY13 Part B Budget Application

□ Maximum Allowable Amount

Then, we must:

■ Subtract Proportionate Share Funds

- Proportionate Share obligations act like a set-aside
- Districts may not use this set-aside amount in the schoolwide pool

■ Subtract CEIS funds, if 15% is mandated

- Coordinated Early Intervening Services (CEIS) funds will only be treated like a set-aside when the district is mandated to use the funds because of significant disproportionality issues. Otherwise, they may be pooled.

■ Subtract any expended Part B funds

FY13 Part B Budget Application

- Schoolwide Election Page (NEW)
 - LEAs choosing to include Part B funds in the schoolwide pool must complete a schoolwide election page
 - Indicate which buildings with approved schoolwide plans will include Part B funds in the pool
 - Indicate the amount of Part B funds to budget in the schoolwide pool for each selected building

FY13 Part B Budget Application

- Whether pooling the maximum allowable amount or a portion of Part B IDEA allocation, LEAs must submit both a Schoolwide budget application and a Part B IDEA budget application even if there are no set asides.
- Any amendments to one application will result in the need for an amendment to the other program's application.



Final Expenditure Report (FER)

FY12 Part B FER

□ Supporting Data Page

■ Proportionate Share Current Year Expenditure Section

■ Reorganized into amount available and amount expended

Amount Available:

Current Year Proportionate Share

Carryover from Prior Year

Total Proportionate Share Available

Amount Expended:

Part B Funds Expended on Proportionate Share

Amount of Released Proportionate Share Carryover Funds

Proportionate Share Carryover to Next FY

FY12 Part B FER

- Supporting Data Page

- Proportionate Share Current Year Expenditure Section

- New Edit:

**If proportionate share expended is \geq carryover amount,
amount of released prop share carryover funds **MUST = 0****



Fiscal Monitoring

Monitoring Plan

- Department-wide
- Tiered Monitoring

- **Purposes**

- Reduce time in LEAs conducting on-site monitoring reviews
- Improve quality and efficiency of on-site reviews
- Increase the number of LEAs given some formal review
- Improve the quality of LEA/building compliance
- Establish processes to target compliance TA/training needs

Monitoring Plan

- 3 Cohorts – various levels of monitoring
- IMACS will be used to collect documentation
- Required documentation may include:
 - Invoices/POs
 - A-87 forms
 - Inventory list
 - MOE calculation documentation
 - GL showing federal funds tracked separately

Monitoring Plan

□ Possible Risk Factors

- Amount of federal funds (large amounts = greater risk)
- A-133 audit findings
- Late MOSIS/Core Data Reports
- Financial Distress
- Administrator Changes/ Other Issues Reported by Auditor or LEA
- Late FER
- Late Budget Application

Monitoring Plan

Timeline

Task	2011-12	2012-13	2013-14	2014-15	2015-16
Desk Audit	Cohorts 1,2,3	Cohorts 1,2,3	Cohorts 1,2,3	Cohorts 1,2,3	Cohorts 1,2,3
Desk Monitoring		Cohort 1	Cohort 2	Cohort 3	Cohort 1
On-site /telephone			Cohort 1- 10% for On-site and 10% for telephone	Cohort 2- 10% for On-site and 10% for telephone	Cohort 3- 10% for On-site and 10% for telephone
Clean-up				Cohort 1- 10%	Cohort 2- 10%



Cash Management Plan

Cash Management Plan Policy

- Department-wide
- Criteria
 - Fiscal Compliance
 - Possible Closure or Annexation
 - Accusations of Fraud or Abuse
 - Financially Distressed
 - Late Budget Submission
- Payment Request Supporting Documentation Form
required for each payment request for each applicable grant

<http://dese.mo.gov/divspeced/Finance/documents/sef-CashMgmtPlanPolicy.pdf>

Payment Request Supporting Documentation Form

□ District Information Section

- Select the program/grant for which payment is being requested

DISTRICT NAME:	Select From Drop Down Menu	DATE:	
CONTACT NAME:		CONTACT PHONE:	
CONTACT EMAIL:		MONTH OF PAYMENT REQUEST:	
PROGRAM/ GRANT:	Select From Drop Down Menu	FUNDING PERIOD:	

Payment Request Supporting Documentation Form

□ Payment Grid

[illegible]

Payment Request Supporting Documentation Form

□ District Employee Payroll

Employee Name	Position	Contract Type	FTE	Salary Amount	Date Range Payment Request Covers
<i>Example: John Doe</i>	<i>Reading Specialist</i>	<i>Cert Salary</i>	<i>1.00</i>	<i>1,435.20</i>	<i>07/01/11-09/15/11</i>
		Select Option			
		Select Option			
		Select Option			
		Select Option			
		Select Option			
		Select Option			
		Select Option			
		Select Option			
		Select Option			
		Select Option			

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Payment Request Supporting Documentation Form

□ Vendor Payments

Vendor Name	Description of Services	Amount	Date Vendor Paid
<i>Example: ABC Technologies</i>	<i>Student IEP Web-based System Annual License Fee</i>	<i>54,000.00</i>	<i>07/01/11</i>

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Final Thoughts

Audit Resolution Process

- If there is a Special Education audit finding, we will no longer accept the answer that the LEA will create a policy to address the issue.
- We are now requiring LEAs to go back and correct the issue and submit documentation to us.
- Examples: Create Time and Effort Reports, submit documentation showing how MOE was calculated

January Webinar

- Clarification on Part B Federal Expenditure Requirements
 - Proportionate Share
 - OMB A-87 Time and Effort Reporting

<http://dese.mo.gov/webinar/Webinar01-24-12DFA.htm>

Blog Post – Call for Ideas

- Blog post titled “Granting Administrative Flexibility for Better Measures of Success”
 - Streamlining time and effort reporting (A-87)
 - Other cost reporting processes
 - Consolidation of funds in schoolwide programs
- Want ideas to reduce the burden, especially in terms of time saved for teachers so they can focus more time on student learning, and in terms of cost savings.

<http://www.ed.gov/blog/2011/10/granting-administrative-flexibility-for-better-measures-of-success/>

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